

**Request for Proposals: Long Term Care Insurance Plan  
RFP # OHB05-2  
Issued September 1, 2005**

**ADDENDUM 1  
Issued September 16, 2005**

**This Addendum incorporates certain general comments, general corrections to the RFP, and answers to questions posed during the mandatory offerors conference held on September 12, 2005.**

**GENERAL**

**Verbal responses to questions at the Offeror's Conference on September 12, 2005 are unofficial and are not binding. Only these written responses may be relied upon by offerors.**

**Participants at the Offeror's Conference were required to register their attendance and to provide their business cards and fax numbers. A list of all attendees at the conference is enclosed for informational purposes.**

**GENERAL CORRECTIONS TO RELEASED RFP:**

Section 8.20 Terms & Renewal of Contract – The first line should read as follows: "The term of this contracts is for an initial partial year beginning April 1 and six calendar years thereafter. "

Appendix 2 should be dated July 31, 2005 if you have the 1999 version please replace with the correct copy.

**Questions and Answers:**

1. Section 1.3 & 3.1- Small, Women and Minority Owned Businesses - The first part of this section indicates that the Commonwealth "**encourages participation in state procurement activities**" of Small, Women and Minority Owned Businesses. Further in the paragraph it says: "**Submission of a report of past efforts to utilize the goods and services of such businesses and plans for involvement on this contract are required.**" It is not clear to us whether use of a Small, W/MBE is suggested or required. If required, does the Commonwealth have a listing of preferred Vendors to satisfy the request?

Response: SWAM vendor use is suggested.

2. Since census information is not available, can you provide the average salary of the active employee population? What percentage of the employee population are public safety (i.e. related to police and fire)?

Response: That information is not available.

3. Sections 2.1, 2.2, 3.4, 8.11 – Can we receive clarification of eligibility? Who are “certain part-time employees”?

Response: Commonwealth of Virginia – salaried, classified employees who work 20 or more per week, faculty as defined by the institutions. Local Governments/School systems: As defined by the local group, but should be a minimum of 20 hours per week.

4. Section 2.2.5 Plan Eligibility - Re-entry after termination of coverage - An enrollee who once terminates coverage under this program may not reenter the program during the term of the contract. Currently the contract does not contain this stipulation; can Commonwealth of Virginia further explain their rationale for requesting this provision?

Response: This does not have to be a provision of the final plan design.

5. Section 2.2.5 - Re-entry after termination of coverage - states “If an enrollee terminates participation they cannot re-enroll during the term of the contract.” Could you please clarify what the intent is of the Commonwealth with respect to this provision? Is there a particular reason the Commonwealth would not want a participant to have the ability to re-enroll as long as the carrier was willing to accept them for coverage.

Response: No.

6. Section 2.5.7 Program Specifications - The plan will provide a choice of lifetime maximums to participants of two to five years. Can you confirm whether the Commonwealth of Virginia is requesting lifetime maximums of 2 and 5 years or 2 to 5 years (i.e. 2, 3, 4, and 5 years)?

Response: Currently we offer lifetime maximum options of 2 and 5 years. We are looking for other possible options and the associated cost.

7. Section 2.5.10 Program Specifications - The participant shall be the owner of the policy. Can you confirm that by using the term “policy,” Commonwealth of Virginia is actually referring to an individual “certificate” that is issued to each participant?

Response: Yes.

8. Section 3.2 - Deliverables: "Identification Cards"- Please provide a copy of the ID cards currently issued to participants.

Response: ID cards are not currently in use.

9. Section 4.0 - Reports & Performance Standards: "We would also require enrollment information on applicable family members for each group". Please provide a copy of the report currently received, or at a minimum, the fields the Commonwealth would expect to see on this report.

Response: The report should include the enrollment information for the following groups: 1. Active Employees for the Commonwealth of Virginia, 2. Family Members of the Active Employees for the Commonwealth of Virginia, 3. Retirees of the Commonwealth of Virginia, 4. Family Members of the Retirees for the Commonwealth of Virginia, 5. Terminated Vested Participants, 6. Family Members of the Terminated Vested Participants, 7. Active Employees for the Local Governments/School Systems, 8. Family Members of the Active Employees for the Local Governments/School Systems, 9. Retirees of the Local Governments /School Systems, 10. Family Members for the Retirees for the Local Governments/School Systems.

10. Section 5, what is the due date of this proposal?

Response: September 30, 2005 at 2:00 p.m. is the due date for all proposals.

11. In light of the Addendum will the due date be moved?

Response: No the due date will not be changed.

12. Please clarify the proposal due date and addressee in Section 5.2.1 on page 8 of the RFP.

Response: The due date is September 30, 2005 and the addressee is William G. Gregory.

13. Please clarify the timetable for this offering in Section 5.10 on page 10 of the RFP.

Response: The RFP Published September 1, 2005 and the Mandatory Conference was held September 12, 2005 at 10:00 a.m. in conference room B 101 N. 14<sup>th</sup> street, Richmond, VA 23219.

14. Section 6.5, will we receive the information by e-mail from the providers?

Response: Yes.

15. Please clarify the contact person for this offering in Section 7.9 on page 13 of the RFP.

Response: The Contact person is William G. Gregory.

16. Section 8.2 - Given the size of the total population, and in particular the large size of the retiree population, will the Commonwealth of Virginia consider a program

whereby the active employees are solicited within a different time period than the retirees, or is it the expectation that all 120,000+ actives and retirees will be solicited simultaneously?

Response: Yes, we would consider a program whereby the active employees are solicited within a different time period than the retirees.

17. Please clarify the term and renewal period of this contract described in Section 8.2 on page 21 versus the period of contract date of January 1, 2006 through December 31, 2012 listed on page 1.

Response: A partial year is required from April 1, 2006 to December 31, 2006. The contract renews for six calendar years thereafter beginning January 1, 2007

18. Please clarify the contract representative for this offering in Section 8.6 on page 17 of the RFP.

Response: The contract representative is William G. Gregory.

19. Section 8.16 - Can you indicate how many payroll systems the selected vendor will need to interface with for payroll deduction purposes?

Response: Presently, there are twelve different payroll systems.

20. Section 8.16 - Eligibility & Payments #3. Direct Billed participants: "contractor to establish procedure for this billing and to transfer to the Department, if requested, information pertaining to participants who are terminated from the program, either voluntarily or for non-payment". Please clarify what this information would be used for, and if possible, provide a copy of what the current carrier provides the Commonwealth with respect to this information.

Response: This information will be used for reporting purposes.

21. Section 8.16 on page 19 states that active state employees and their participating spouses will payroll deduct their monthly premiums on a semi-monthly basis. With regards to employees of participating colleges and universities, are the premiums to be calculated on a 10-month basis or a 12-month basis?

Response: The payroll cycles vary depending on the institutions. Most participants are 12 month/24 pays employees, but we have variations of 9-, 10-, 11- and 12-month employees among the college/university population, and the premiums are currently calculated based on the individual's pay cycle.

22. Section 8.17 on page 20 states: Quote premiums on a payroll deduction basis and a bill directly to the participant basis. For direct bill premiums, is the monthly premium mode mandatory?

Response: No, monthly is not mandatory. Yes, but for comparison purposes, please provide the monthly premium cost with the proposal and note any possible cost difference for quarterly premium billing.

23. Section 8.20.1 Term and Renewal of Contract - The contractor shall advise the Department in writing no later than 2:00 PM on the last business day before April 16 that the insurer is willing to continue the contract on the same terms and conditions as currently in force or as modified pursuant to a request from the Department. This advice shall be in written form and apply to the plan year beginning the next January 1. Can you confirm the dates as noted above are the correct dates?

Response: These dates are correct.

24. Minimum Reserve Transfer Provision - Your contract contains an Employer's Aggregate Fund Guaranteed Minimum provision. This provision specifies a minimum amount to be transferred in the event of a plan replacement, and is calculated using the guaranteed minimum factors in your current contract. As this provision offers significant value in the event of a future replacement, please confirm whether this will continue to be a required part of the contract.

Response: Yes.

25. In Exhibit 3 regarding the monthly rates, can we put in multiple tables sincere there will probably be multiple rates?

Response: Yes.

26. In Appendix 2, data is provided detailing the number of Active Employees as of July 31, 2005. Please provide census data (age, gender, and agency code) regarding the number of Active Employees participating in the existing plan.

Response: That information is not available.

27. In Appendix 2, data is provided detailing the number of Retired Employees as of July 31, 2005. Please provide census data (age, gender and agency code—if available) regarding the number of Retired Employees participating in the existing plan.

Response: See Excel Spreadsheet (COV Transfer Ammount.xls).

28. If data is available regarding the number of immediate family members enrolled in the plan, please provide census data (age, gender and agency code affiliation—if available) regarding the number of Immediate Family Members participating in the existing plan.

Response: See Excel Spreadsheet (COV Transfer Ammount.xls).

29. Is this plan part of any Section 125 Plan?

Response: No.

30. Who has the current plan?

Response: Aetna, Inc. is the current plan administrator.

31. Mr. Gregory your e-mail is listed as bgregory in the RFP, is this correct?

Response: No the correct e-mail address for Bill Gregory is  
[Bill.Gregory@dhrm.virginia.gov](mailto:Bill.Gregory@dhrm.virginia.gov).

32. Please provide the premiums and claims data for the prior 5 contract years.

Response: This information is available on the DHRM web site at  
<http://www.dhrm.virginia.gov/hbenefits/longtermcare/longtermcare.html>.

33. Please confirm if all of the state agencies listed on the website:  
[www.aetna.com/group/commonwealthva/](http://www.aetna.com/group/commonwealthva/) are participating in the plan. Please refer to the attached Excel Spreadsheet for list (file name "State Agencies Participating in Aetna TLC Plan1.xls).

Response: The agencies listed under #1 on the web site represent the state agencies that are not a part of the Commonwealth's central payroll system, but are on a decentralized (separate) payroll system. These were not included on your excel spreadsheet. Along with the agencies listed on the web, there are approximately 225 additional state agencies.

The employer groups listed under #4 on the web site and included on your excel spreadsheet are the local government/school systems that are currently offering this program to their employees. Please refer to RFP Section 1.2 – Background for the various groups eligible to participate in the Commonwealth of Virginia's long term care program.

**Companies Represented at the  
Mandatory Pre-proposal Conference  
For the RFP # OHB05-2  
Held September 12, 2005 @ 10:00 A.M.**

Aetna  
Chesapeake Financial Services  
Fox Briar Services  
GE Metropolitan  
Prudential Financial